

(19) World Intellectual Property
Organization
International Bureau



(43) International Publication Date
31 December 2003 (31.12.2003)

PCT

(10) International Publication Number
WO 2004/001534 A2

- (51) International Patent Classification⁷: **G06F** (74) Agent: OSTFELD, David, M.; Chamberlain, Hrdlicka, White, Williams & Martin, 1200 Smith Street, Suite 1400, Houston, TX 77002-4310 (US).
- (21) International Application Number: PCT/US2003/019093 (81) Designated States (*national*): AT, CA, CU, ES, JP, MA, MX, NO, NZ, RO, RU, SG, UA, US, ZA.
- (22) International Filing Date: 18 June 2003 (18.06.2003) (84) Designated States (*regional*): European patent (AT, BE, BG, CH, CY, CZ, DE, DK, EE, ES, FI, FR, GB, GR, HU, IE, IT, LU, MC, NL, PT, RO, SE, SI, SK, TR).
- (25) Filing Language: English
- (26) Publication Language: English
- (30) Priority Data: 60/389,831 19 June 2002 (19.06.2002) US
Published:
— without international search report and to be republished upon receipt of that report
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For two-letter codes and other abbreviations, refer to the "Guidance Notes on Codes and Abbreviations" appearing at the beginning of each regular issue of the PCT Gazette.

(54) Title: MORTGAGE FINANCING SYSTEM

(57) Abstract: The present invention is a method for providing mortgage financing to a borrower while additionally creating the opportunity for the borrower to invest in their long and short-term financial security. In real estate purchase, a mortgage is extended for greater than the real estate purchase price. The surplus amount is applied against at least one investment vehicle, so that after the periodic payments are completed, the borrower has equity in real estate and an interest in at least one investment vehicle. The investment vehicle provides security for the mortgage.

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MORTGAGE FINANCING SYSTEM

1. TECHNICAL FIELD

The present invention relates generally to loan and mortgage financing. More specifically, a method for providing mortgage financing to a borrower while additionally creating the opportunity for the borrower to invest in a range of investment vehicles is disclosed.

2. BACKGROUND OF THE INVENTION

The present invention is a method for providing mortgage financing to a borrower while additionally creating the opportunity for the borrower to invest in their long and short-term financial security.

There are a number of traditional mortgage systems. For example, in a Fixed Rate Mortgage Program, a borrower repays the amount of the mortgage loan in monthly mortgage payments for the term of the loan. Since the borrower's monthly mortgage payments are fixed, the borrower can expect to make the same monthly payment for the entire term of the loan.

In an Adjustable Rate Mortgage, the mortgage loan has a "low" starting interest rate. The "low" starting interest rate is used to calculate the mortgage payment for a specified period of time. Once the specified period of time is over, the interest rate is adjusted. The interest rate is adjusted by adding a set margin, which is determined by the lender, to an interest rate selected from any one of a variety of interest-rate indexes.

Some companies have implemented a system wherein a potential borrower receives a mortgage loan equaling 100% of the real estate cost. However, these 100% mortgage loans often involve a number of restrictions, thereby precluding potential borrowers from qualifying for the 100% mortgage loan. Potential borrowers may be required to meet certain requirements in order to qualify for the 100% mortgage loan, including having an income lower than a certain set amount, working in a specific profession, or living within a certain distance of a city or town.

England has implemented a system called a Modified Endowment Mortgage. The focus of this system is to pay off the borrower's mortgage at the end of the loan term. During the term of the loan, the borrower pays the interest accruing on the mortgage. Any payment that would have been applied to the mortgage principal is instead funneled into a vehicle earning interest. The idea is that the vehicle earning interest will accumulate enough money by the end of the loan term to pay off the entire principal amount of the mortgage. However, if the interest rates are low during the loan term, the vehicle earning interest may not accrue enough money to fully pay the principal amount of the mortgage at the end of the loan term. If this occurs, the homeowner must funnel additional money into the vehicle earning interest in order to pay the mortgage principal at the end of the loan term.

American companies tried to implement an American version of England's Modified Endowment Mortgage system. However, the American version of the Modified Endowment Mortgage system may be considered prohibitive because U.S. tax laws vary from English tax laws. Under U.S. tax laws, the English Modified Endowment Mortgage system may be considered "double-dipping," meaning that borrower's gain tax write-offs for both their monthly interest payment and for interest accruing from the vehicle earning interest. Because "double-dipping" may violate U.S. tax laws, the American version of the English Modified Endowment Mortgage system has not been widely marketed.

3. SUMMARY OF THE INVENTION

The present invention is a method for providing mortgage financing to a borrower while additionally creating the opportunity for the borrower to invest in their long and short-term financial security.

The method of the present invention creates financially healthy borrowers while reducing the risk of today's mortgage lending practices. Additionally, the method of the present invention supplements and builds a retirement income for borrowers.

The method of the present invention provides for a collateral investment in an investment vehicle by having a loan amount approved for a principal amount and an investment amount, providing the principal amount to a seller of real estate applying the investment amount

to purchase one or more investment vehicles, making periodic payments towards the loan amount, and thereby concurrently accumulating equity in the real estate and an interest in the investment vehicles. Advantageously, the system may be administered by a system practitioner who may also act as a lender. Further, the loan may be forwarded to an escrow agent, who, upon transfer of the real estate, forwards the funds for the purchase of the real estate to the seller and the remainder to an Investment Entity for the purchase of Investment Vehicles.

The foregoing and other objectives, features, and advantages of the invention will be more readily understood upon consideration of the following detailed description of the invention, taken in conjunction with the accompanying drawings.

4. BRIEF DESCRIPTION OF THE DRAWINGS

FIG. 1 is a table, which compares, by way of example, the mortgage financing system of the present invention (the Rapid Equity BuilderTM Mortgage System) with a conventional loan.

FIG. 2 is a graph, which compares, by way of example, interaction of a mortgage payment schedule and life policy according to the present invention.

FIG. 3 is a graph, which compares, by way of example, the loan to value ratio of the present invention and a conventional mortgage.

FIG. 4 is a graph, which compares, by way of example, the performance of the present invention with a conventional mortgage.

FIG. 5 is a table, which compares, by way of example, the performance of the present invention with a conventional mortgage both with a policy and without.

FIG. 6 is a table summary, which compares, by way of example, the performance of the present invention with a conventional mortgage.

FIG. 7 is an example assignment of life insurance policy as collateral.

FIG. 8 is a table summarizing, by way of example, the effect of an annuity funded life insurance policy according to the present invention.

FIG. 9 is an example of a loan schedule with a principal amount of \$204,000 according to the present invention.

FIG. 10 is a table of an example of loan data with a principal amount of \$204,000 according to the present invention.

FIG. 11 is an example of a loan schedule with a principal amount of \$170,000 according to the present invention.

FIG. 12 is a table of an example of loan data with a principal amount \$170,000 according to the present invention.

FIG. 13 is an example of a loan schedule with a principal amount of \$34,000 according to the present invention.

FIG. 14 is a table of an example of loan data with a principal amount of \$34,000 according to the present invention.

FIG. 15 is an example of a loan schedule with a principal amount of \$161,500 according to the present invention.

FIG. 16 is a table of an example of loan data with a principal amount of \$161,500 according to the present invention.

FIG. 17 illustrates a life insurance policy.

FIG. 18 illustrates a life insurance policy.

FIG. 19 is a schematic diagram of a mortgage with the principles of the present invention.

FIG. 20 is a schematic diagram of a mortgage financing system in accord with one preferred embodiment of the principles of the present invention.

5. BEST MODE(S) FOR CARRYING OUT THE INVENTION

The present invention is a method for providing mortgage financing to a borrower while additionally creating the opportunity for the borrower to invest in their long and short-term financial security. The borrower is also assisted in building financial strength to meet unforeseen influences such as illness, loss of job, or market trends that could threaten the loss of their home.

In the present invention, a potential borrower identifies real estate that the potential borrower would like to purchase. The potential borrower then applies for a mortgage loan from an entity employing the principles of the present invention. The entity employing the principles of the present invention may be a company, an individual, a bank, a mortgage company, a lender, an originator of mortgage loans, or a mortgage investor (hereinafter referred to as "System Practitioner").

In applying for a mortgage loan from a System Practitioner, the potential borrower fills out a mortgage loan application. The mortgage loan application may be structured as a traditional mortgage loan application commonly known and used in the mortgage industry. As will be further discussed below, depending on how the potential borrower would like to invest in their long or short-term financial security ("Investment Vehicles"), a potential borrower may also fill out other types of applications. For example, if a potential borrower would like to purchase a life-insurance policy as an Investment Vehicle, the borrower may be required to fill out a life-insurance application. The life-insurance application would be one commonly known and used in the insurance industry.

If the potential borrowers mortgage loan application is approved, funds to cover both the cost of the real estate and the cost of the Investment Vehicles may be provided ("mortgage loan principal amount"). Standards for determining whether a mortgage loan application is approved, may be determined by the System Practitioner or by systems or methods commonly used in the mortgage industry. For example, a System Practitioner may require a credit report, a personal history report of the borrower, or a physical examination of the borrower.

For purposes of the present invention, funds provided to the potential borrower may vary based on the cost of the real estate, the cost of the Investment Vehicles, the potential borrower's financial situation, types of Investment Vehicles, or down payment provided by the potential borrower.

In one preferred embodiment, the System Practitioner may provide the funds to cover the mortgage loan principal amount. If the System Practitioner is the entity providing the funds, then the System Practitioner will forward the funds to an escrow practitioner or other similar company (collectively referred to as "escrow practitioner"). In another preferred embodiment, the System Practitioner may work through a bank or other lender (collectively referred to as "Lenders") to secure the funds to cover the mortgage loan principal amount. If the Lender is the entity providing the funds, then the Lender will forward the funds to the escrow practitioner.

The day that a real estate transaction is finalized, thereby transferring the real estate from the seller of the real estate to the borrower, is commonly referred to in the real estate industry as the "escrow closing" day. On the day of escrow closing, the principal amount of the real estate is forwarded by the escrow practitioner to the seller of the real estate for payment of the principal amount of the real estate. The remaining funds held by the escrow practitioner are forwarded to a pre-determined entity or entities to purchase the Investment Vehicles.

The Investment Vehicles are purchased in the name of the borrower and are held by the entity funding the mortgage loan principal amount, which may be either the System Practitioner or the Lender. The System Practitioner or Lender holds the Investment Vehicles as collateral. Examples of the various Investment Vehicles that may be purchased in the name of the borrower, either singularly or in combinations, include:

- Annuities
- Single Premium Immediate Annuities
- Universal Life Policies
- Certificates of Deposit
- Guaranteed Interest Contracts
- Mutual Funds
- Savings Accounts
- Zero Coupon Bonds
- Municipal Bonds
- Variable Life Policies
- Whole Life Policies.
- Any other investment whereby a borrower may invest in their long-term or short-term financial security.

During the loan term, which is a specified period of time that may be set by the borrower, System Practitioner, or Lender, the borrower provides mortgage payments to the entity funding the mortgage loan, which may be either the System Practitioner or the Lender. The mortgage loan payments submitted by the borrower pay both the mortgage loan principal amount and the interest accruing on the mortgage loan principal amount.

FIG. 1 is a table, which compares, by way of example, the mortgage financing system of the present invention (the Rapid Equity Builder™ Mortgage System) with a conventional loan. FIG. 2 is a graph, which compares, by way of example, interaction of a mortgage payment schedule and life policy according to the present invention. FIG. 3 is a graph, which compares, by way of example, the loan to value ratio of the present invention and a conventional mortgage. FIG. 4 is a graph, which compares, by way of example, the performance of the present invention with a conventional mortgage. FIG. 5 is a table, which compares, by way of example, the performance of the present invention with a conventional mortgage both with a policy and without. FIG. 6 is a table summary, which compares, by way of example, the performance of the present invention with a conventional mortgage. FIG. 7 is an example assignment of life insurance policy as collateral. FIG. 8 is a table summarizing, by way of example, the effect of an annuity funded life insurance policy according to the present invention. FIG. 9 is an example of a loan schedule with a principal amount of \$204,000 according to the present invention. FIG. 10 is a table of an example of loan data with a principal amount of \$204,000 according to the present invention. FIG. 11 is an example of a loan schedule with a principal amount of \$170,000 according to the present invention. FIG. 12 is a table of an example of loan data with a principal amount \$170,000 according to the present invention. FIG. 13 is an example of a loan schedule with a principal amount of \$34,000 according to the present invention. FIG. 14 is a table of an example of loan data with a principal amount of \$34,000 according to the present invention. FIG. 15 is an example of a loan schedule with a principal amount of \$161,500 according to the present invention. FIG. 16 is a table of an example of loan data with a principal amount of \$161,500 according to the present invention. FIG. 17 illustrates a life insurance policy. FIG. 18 illustrates a life insurance policy. FIG's 19 and 20 are schematic diagrams of the mortgage financing system in accordance with the present invention. FIG. 19 is a schematic diagram of a mortgage with the principles of the present invention. FIG. 20 is a schematic diagram of a mortgage financing system in accord with one preferred embodiment of the principles of the present invention. Specifically, FIG. 20 shows the use of the mortgage loan

to pay both the seller, and purchase an annuity which in turn covers the premium of an insurance policy.

Optimally, at the end of the loan term, the borrower has paid off the mortgage loan and is left with a fully paid Investment Vehicle and full ownership interest and rights in the real estate.

An example of one preferred embodiment of the present invention:

- A potential borrower would like to purchase a piece of real estate valued at One Hundred and Seventy Thousand Dollar (\$170,000.00).
- The potential borrower fills out a mortgage loan application. Additionally, the potential borrower fills out a life insurance policy application with an insurance company. Both the life insurance policy application and mortgage loan application may be reviewed according to standards used in the insurance and mortgage industries.
- If the life insurance policy application and mortgage loan application are approved, the System Practitioner funds the potential borrower with a mortgage loan principal amount equal to 120% of the purchase price. This would equal a mortgage loan principal amount totaling \$170,000 (100% of purchase price) + \$34,000 (20% of purchase price) = Two Hundred and Four Thousand Dollars (\$204,000). For purposes of this example, and as will be further discussed below, the borrower may also be, at this time, "locked in" to an annuity percentage rate according to standards employed in the insurance industry.
- The funds for the mortgage loan principal amount are forwarded to an escrow practitioner. On the day of escrow closing, the escrow practitioner forwards to the insurance company funds totaling \$34,000. In like manner, the escrow practitioner forwards funds totaling \$170,000 to the seller of the real estate for payment of the principal amount of the real estate.
- The insurance company takes the \$34,000 and purchases, in the borrower's name, at least two Investment Vehicles.
 - Investment Vehicle No. 1 is an annual cash-bearing instrument. In this example, the annual cash-bearing instrument is a single premium

immediate annuity. The single premium immediate annuity is purchased in the name of the borrower, with the \$34,000 forwarded to the insurance company by the escrow practitioner. The single premium immediate annuity is preferably purchased on escrow closing day and has a percentage rate that was locked in after the borrower was approved for the mortgage loan principal amount and life insurance policy. The first annuity payment is provided the same day the single premium immediate annuity is purchased in the name of the borrower. The first annuity payment is then used to pay the first premium of the life insurance policy, which is further discussed below. Preferably, the annuity payments will be spread out over at least a 4-year period, with each annuity payment being used to pay the premiums of the life insurance policy.

- Investment Vehicle No. 2 is a life insurance policy funded from the payments received from Investment Vehicle No. 1. In a preferred embodiment, the life insurance policy is fully paid in at least 7 years.
- During the mortgage loan term, the borrower provides mortgage loan principal payments to the System Practitioner to pay off the mortgage loan. These payments are applied to both the mortgage loan principal (which in this example is \$204,000) amount and the interest accumulating from the mortgage principal amount.
- At the end of the mortgage loan term, the borrower will preferably have paid off the mortgage loan principal and the interest accumulated from the mortgage loan principal balance. The borrower will own, unencumbered, Investment Vehicle No. 2, which in this example, is a life insurance policy.

This system may be beneficial to parties other than the borrowers who are involved in the transaction. For example:

- Lender or System Practitioner's rights: The Investment Vehicles, while purchased in the name of the borrower, are held by the entity funding the mortgage loan principal amount, which may be either the System Practitioner or Lender. The System Practitioner or Lender has rights in the Investment Vehicles as collateral until the mortgage loan and the interest accumulated from the mortgage principal amount has been fully paid to the Lender or System Practitioner.

The benefits and industrial applicability of the mortgage system of the present invention, to the borrower, may include:

- Fast equity build-up. The borrower may build equity in two ways. First, with the mortgage payments reducing the mortgage principal balance, and second, with the yield of the Investment Vehicles.
- In a preferred embodiment, a bi-weekly mortgage payment schedule is utilized. A bi-weekly mortgage loan payment schedule provides more payments against the mortgage loan balance than a monthly mortgage loan payment schedule, thereby reducing the mortgage loan principal more rapidly than if a monthly mortgage loan payment is used.
- Investment Vehicles may be transferred from real estate to real estate as collateral.
- Investment Vehicles may be able to cover any shortfalls if the borrower sells the real estate.
- Preferably, if private mortgage insurance is used, the private mortgage insurance is lender-based private mortgage insurance that is worked into the mortgage loan. Lender-based private mortgage insurance may save the borrower money in non-tax deductible dollars.
- If an emergency occurs and the borrower is unable to maintain the mortgage loan payment schedule, the entity funding the mortgage loan principal amount, which may be either the Lender or System Practitioner may withdraw or sell Investment Vehicles in order to maintain mortgage payments and avoid forfeiture of the real estate.
- The borrower may increase the amount of money placed into Investment Vehicles, which may accelerate the growth of the Investment Vehicles and may allow the borrower to pay off the mortgage loan at an earlier date.
- No down payment is required.
- An early pay-out option. Rapid reduction of the loan through bi-weekly payments, plus the growth of the insurance policy's cash value, gives the borrower the option to pay off the mortgage balance in the seventeenth year.

The benefits of the mortgage system of the present invention, to the System Practitioner may include:

- Higher yields over conventional "A" paper.
- The mortgage financing system of the present invention does not affect the already secured portfolios of borrowers.
- Investment Vehicles are used as collateral and therefore, exposure to risks such as forfeiture, property devaluation (depreciation), or borrowers being unable to pay mortgage loan payments is reduced.
- If a bi-weekly payment plan is used, the cumulative effects of the bi-weekly payments rapidly reduce the mortgage loan. The growth of Investment Vehicles build up equity at an accelerated rate.
- In case of a temporary interruption of income from the borrower, the entity funding the mortgage loan principal amount, which may be either the Lender or System Practitioner, has a secure source of income from Investment Vehicles in order to receive mortgage loan payments. The entity funding the mortgage loan principal amount, which may be either the Lender or System Practitioner, has rights in the Investment Vehicles as collateral.
- The borrower will likely do repeat business with the System Practitioner since the borrower may transfer Investment Vehicles as collateral for the borrower's next real estate purchase.

The benefits of the mortgage system of the present invention, to the mortgage investor or Lender may include:

- Higher yields over conventional "A" paper (potentially 75 to 100 basis points over conventional "A" paper).
- Increased loan volume. The present invention is likely to attract new borrowers, from the first time homebuyers to high-income professionals with 700+ credit scores, financial plans, and solid performing investments that do not want to interrupt their portfolios to purchase a home.
- Additional security. The use of Investment Vehicles such as an annuity and insurance policy as collateral reduces the risk exposure to the Lender.
- Faster equity build-up and reduced risk. The cumulative effects of the bi-weekly payments rapidly reducing the mortgage principal balance and the

growth of the insurance policy cash value builds up equity at an accelerated rate. The loan according to the present invention reaches 60% loan to value by the eighth year.

- Protection payment interruption. In case of a temporary interruption of income from the borrower or homeowner, the mortgage investor or Lender has a secure source of funds from the insurance policy or other Investment Vehicles to continue mortgage payments.
- Life-long borrowers are generated. The Lender or mortgage investor will have the borrower or homeowner as a client whom will do repeat business by transferring their insurance policy or other Investment Vehicles as collateral for their next home purchase.

The benefits of the mortgage system of the present invention, in creating 15 cross-selling opportunities, may include:

- Increased policy sales. Adding a waiver of premiums and any number of various riders augments the attraction of the present invention.
- Longer persistency ratios. Because the policy is paid in full up front, the policy's persistence ratio increases, which in turn creates higher revenue.
- Financial planning opportunities. The present invention creates the atmosphere for cross-selling opportunities such as municipal bonds, mutual funds, certificates of deposits, annuities, additional personal loans and other opportunities.
- Developing total financial planning opportunities. The present invention creates the opportunity to assist the borrower or homeowner in reaching personal financial goals.

The terms and expressions that have been employed in the foregoing specification are used as terms of description and not of limitation, and are not intended to exclude equivalents

of the features shown and described or portions of them. The scope of the invention is defined and limited only by the claims that follow.

WHAT IS CLAIMED IS:

1. A method for providing mortgage financing to a borrower comprising:
 - a. identifying real estate;
 - b. applying for mortgage loan;
 - c. having said mortgage loan application approved;
 - d. receiving a mortgage loan principal amount to cover cost of said real estate and at least one investment vehicle;
 - e. forwarding funds equivalent to said cost of said real estate from said mortgage loan principal amount to said seller;
 - f. purchasing at least one investment vehicle with funds from said mortgage loan principal amount;
 - g. providing mortgage payments for a loan term; and
 - h. receiving full ownership interest in said at least one investment vehicle and said real estate.
2. The method of claim 1 further comprising the step of holding said at least one investment vehicle as collateral against said mortgage loan prior to step (h).
3. The method of claim 2 wherein said collateral is held by a lender.
4. The method of claim 3 wherein said lender is a system practitioner.
5. The method of claim 2 further comprising the step of making periodic payments against said mortgage loan.
6. The method of claim 5 wherein when unable to make said periodic payments, funds are applied from said at least one investment vehicle to said mortgage loan equal to said periodic payment.
7. A method of implementing a loan repayment plan, which comprises:
 - a. determining a principal loan amount to be provided to a borrower;

- b. determining an additional loan amount to be provided to a borrower;
- c. determining a repayment term;
- d. providing said principal amount;
- e. providing said additional loan amount to an investment entity;
- f. purchasing at least one investment vehicle with funds from said additional loan amount;
- g. providing loan repayment increments during said repayment term; and
- h. receiving an interest in said at least one investment.

- 8. The method of claim 7 wherein said loan is a real estate mortgage.
- 9. The method of claim 8 wherein a lender supplies said principal loan amount and said additional loan amount.
- 10. The method of claim 9 wherein said lender takes an interest in said at least one investment vehicle as collateral against said real estate mortgage.
- 11. The method of claim 9 comprising the step of a system practitioner collecting application criteria from a borrower prior to step (c).
- 12. The method of claim 11 further comprising the step of said system practitioner providing said principal loan and said additional loan amount to an escrow entity prior to step (f).
- 13. The method of claim 12 further comprising the step of said escrow entity providing said loan amount to a seller and said additional loan amount to said investment entity.
- 14. The method of claim 13 wherein said investment entity is said system practitioner.
- 15. The method of claim 13 wherein said investment entity is a financial institution not related to said system practitioner.

16. The method of claim 7 wherein said investment vehicle is one of: an annuity; a single premium immediate annuity; a universal life policy; a certificate of deposit; a guaranteed interest contract; a mutual fund; a savings account; a zero coupon bond; a municipal bond; a variable life policy; a whole life policy; a financial security investment.
17. The method of claim 7 wherein said additional loan amount is substantially 20 percent of said principal loan amount.
18. A method of mortgaging real estate which provides for a collateral investment in an investment vehicle comprised substantially of the steps of having a loan amount approved for a principal amount and an investment amount; providing said principal amount to a seller of said real estate; applying said investment amount to purchase at least one investment vehicle; making periodic payments towards said loan amount, thereby concurrently accumulating equity in said real estate and an interest in said at least one investment vehicle.
19. The method of claim 18 further comprising a first and second investment vehicle, wherein said first investment vehicle is an annuity, and said second investment vehicle is an insurance policy.
20. The method of claim 19 further comprising the steps of purchasing said annuity, followed by applying said insurance policy, thereby providing security for said loan amount.

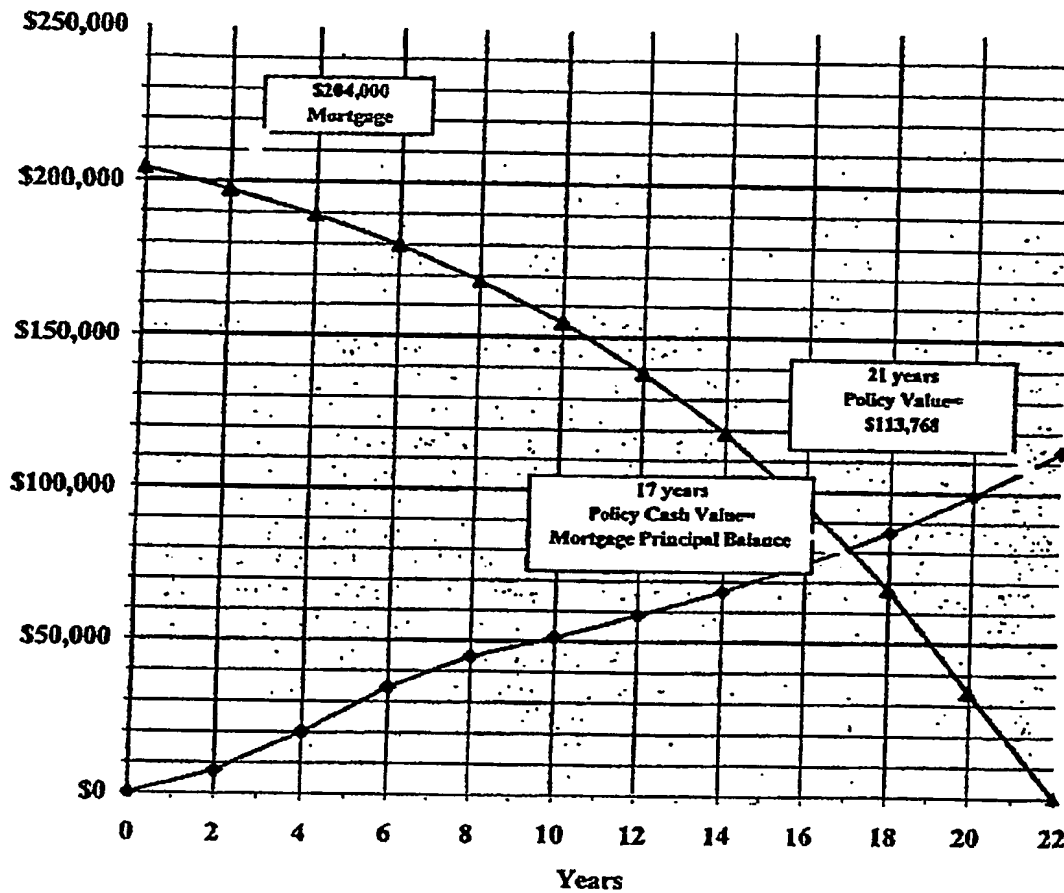
Rapid Equity Builder
vs
95% Conventional Mortgage
with Monthly Policy Premiums
40 Year Old Male

	<u>Rapid Equity Builder</u>	<u>95% Conventional Loan</u>
Home Purchase	\$170,000	\$170,000
Down Payment	0	8,500
Annuity	34,000	0
Mortgage Amount	204,000	161,500
Interest Rate	9%	8%
Term	30 yr	30yr
Payment Method	Bi-Weekly	Monthly
Monthly Payments	820 (x2)	1,185
Monthly Insurance Premiums	0	181
Monthly PMI Payment	0	105
Total Principal and Interest	<465,679>	<426,610>
Down Payment	0	<8,500>
Estimated Closing Cost	<5,000>	<5,000>
Total PMI \$105 x 11yrs = 80% LTV	0	<13,860>
Total Insurance Premiums 21 years	0	<47,784>
Less Policy Net Surrender Value 21st Year *non-gaurentee	<u>113,768</u>	<u>73,999</u>
Cost to Homeowner	<356,911>	<413,895>
Cash Savings Provided by REB		<u>\$56,984</u>

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FIG. 1

**Universal Life Policy Net Surrender Value
Integrated with
30 year Bi-weekly Mortgage Schedule
40 year old male**



—◆— Universal Single Premium Life Policy \$34,000

—▲— \$204,000 Mortgage Loan Includes \$170,000 Home Value plus \$34,000 Annuity Paying Universal Life Policy

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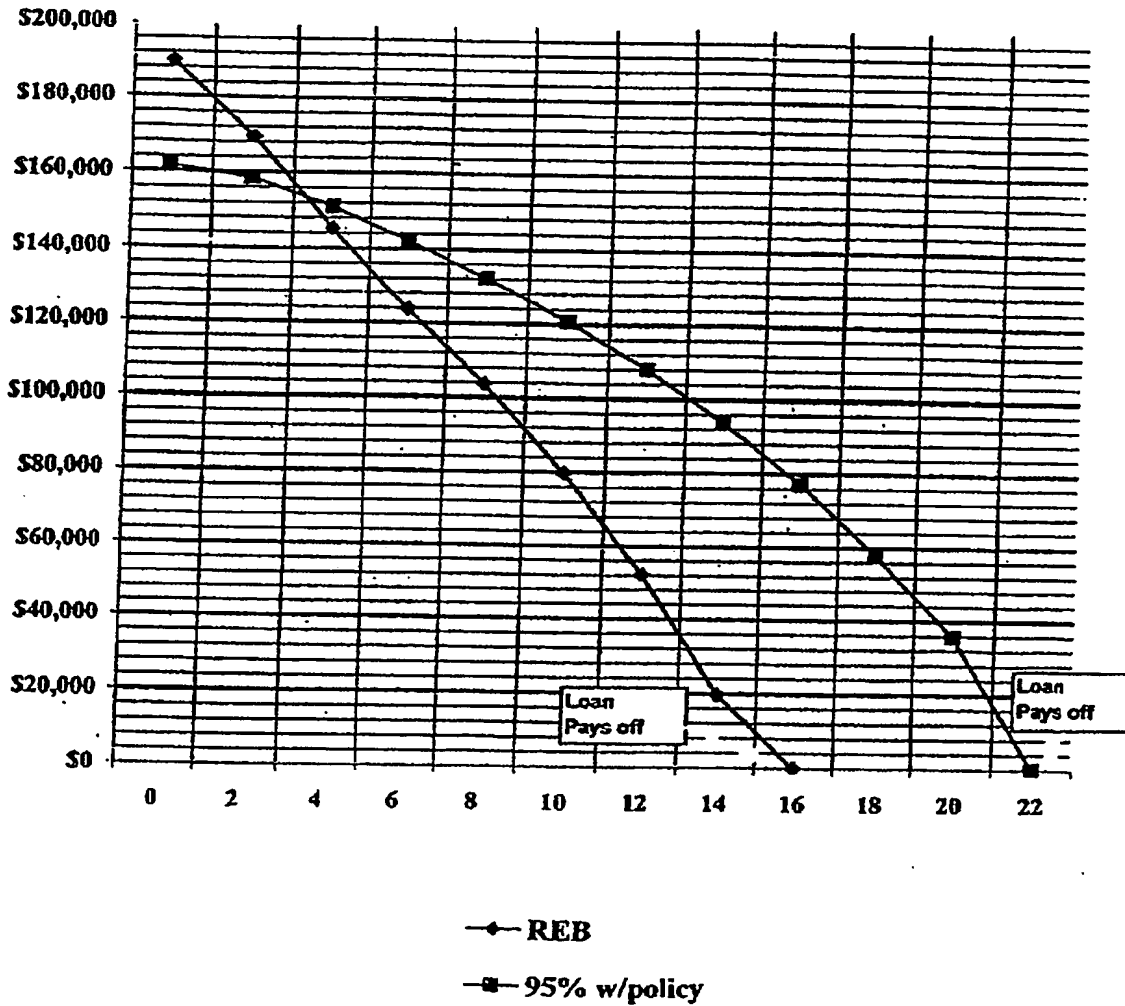
FIG. 2

**Policy Net Surrender Value
Applied Toward Mortgage Principal Balance**

Rapid Equity Builder

vs

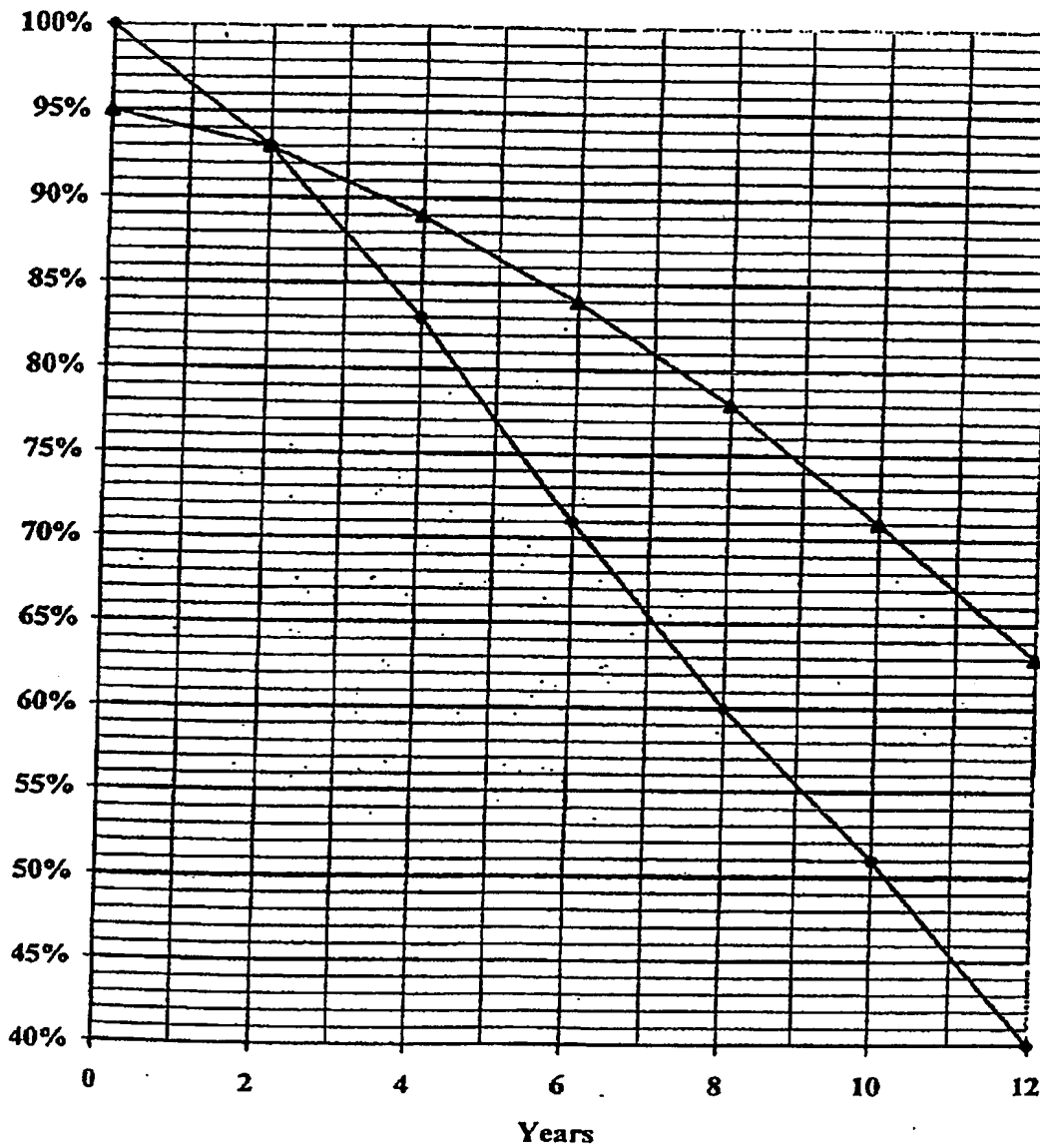
**95% Conventional Loan with Monthly Policy Premiums
40 year old Male**



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FIG. 3

Loan to Value
Mortgage Principal Balance Less Policy Net Surrender Value
Rapid Equity Builder
vs
95% Conventional Loan with Monthly Policy Premiums



—♦— REB
—▲— 95% w/policy

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FIG. 4

Net Cash Flow
REB vs 30 year 95% Conventional Loan
40 year old male

	REB Mortgage Loan - 22 years	95% Conventional Loan - 22 years with policy	95% Conventional Loan without policy-22 years
Mortgage Loan	204,000.00	161,500.00	161,500.00
Down Payment	0	(8,500.00)	(8,500.00)
Closing Costs	(5,000.00)	(5,000.00)	(5,000.00)
Mortgage Payment - Annually	(21,338.46)	(14,220.36)	(14,220.36)
PMI - Annually	0	(1,260.00)	(1,260.00)
Insurance Premiums - Annually	0	(2,172.00)	0
Mortgage Payments			
2000	177,661.54	131,532.67	133,704.67
2001	(21,338.46)	(17,652.36)	(15,480.36)
2002	(21,338.46)	(17,652.36)	(15,480.36)
2003	(21,338.46)	(17,652.36)	(15,480.36)
2004	(21,338.46)	(17,652.36)	(15,480.36)
2005	(21,338.46)	(17,652.36)	(15,480.36)
2006	(21,338.46)	(17,652.36)	(15,480.36)
2007	(21,338.46)	(17,652.36)	(15,480.36)
2008	(21,338.46)	(17,652.36)	(15,480.36)
2009	(21,338.46)	(17,652.36)	(15,480.36)
2010	(21,338.46)	(17,652.36)	(15,480.36)
2011	(22,159.17)	(17,652.36)	(14,220.36)
2012	(21,338.46)	(16,392.36)	(14,220.36)
2013	(21,338.46)	(16,392.36)	(14,220.36)
2014	(21,338.46)	(16,392.36)	(14,220.36)
2015	(21,338.46)	(16,392.36)	(14,220.36)
2016	(21,338.46)	(16,392.36)	(14,220.36)
2017	(21,338.46)	(16,392.36)	(14,220.36)
2018	(21,338.46)	(16,392.36)	(14,220.36)
2019	(21,338.46)	(16,392.36)	(14,220.36)
2020	(21,338.46)	(16,392.36)	(14,220.36)
2021	97,017.09	(26,219.36)	(98,046.81)
	(152,911.28)	(236,393.89)	(261,349.34)
Policy Cash Value	113,768.00	73,999.00	0
Principal Balance	0.00	(83,826.00)	(83,826.45)
Net Cash Flow	<u>159,856.72</u>	<u>(98,220.89)</u>	<u>(197,175.79)</u>
Internal Rate of Return	9.15%	12.10%	10.79%

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FIG. 5

Rapid Equity Builder

vs

95% Conventional Loan Monthly Insurance Premiums

YEAR	Mortgage		Less		Insurance Policy		Net		Surrender Value		Net Balance		Loan to	
	REB	CONV	REB	CONV	REB	CONV	REB	CONV	REB	CONV	REB	CONV	REB	CONV
2	197,267	158,689	7,474	276	189,793	158,413	93%	93%						
4	189,350	155,393	19,952	4,398	169,398	150,997	83%	89%						
6	179,879	151,527	34,627	9,355	145,252	142,172	71%	84%						
8	168,548	146,993	44,800	14,826	123,748	132,167	60%	78%						
10	154,990	141,675	51,268	20,874	103,722	120,801	51%	71%						
12	138,429	135,437	58,673	27,436	79,756	108,001	40%	63%						
14	118,956	128,121	66,710	34,411	52,246	93,710	26%	55%						
16	95,659	119,540	75,952	42,323	19,707	77,217	10%	45%						
18	67,785	109,476	86,686	51,420	+18,901	58,056		34%						
20		97,671		61,930		35,741		21%						
22		83,826		73,999		9,827		5%						

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FIG. 6

- A. For Value Received, the undersigned hereby assign, transfer and set over to _____ of _____ its successors and assigns, (herein called the "Assignee") Policy No. _____ issued by the _____ (herein called the "Insurer") and any supplementary contracts issued in connection therewith (said policy and contracts being herein called the "Policy"), upon the file of _____ and all claims, options, privileges, rights, title and interest therein and thereunder (except as provided in Paragraph C hereof), subject to all the terms and conditions of the Policy and to all superior liens, if any, which the Insurer may have against the Policy. The undersigned by this instrument jointly and severally agree and the Assignee by the acceptance of this assignment agrees to the conditions and provisions herein set forth.
- B. It is expressly agreed that, without detracting from the generality of the foregoing, the following specific rights are included in this assignment and pass by virtue hereof:
1. The sole right to collect from the Insurer the net proceeds of the Policy when it becomes a claim by death or maturity;
 2. The sole right to surrender the Policy and receive the surrender value thereof at any time provided by the terms of the Policy and at such other times as the Insurer may allow;
 3. The sole right to obtain one or more loans or advances on the Policy, either from the Insurer or, at any time, from other persons, and to pledge or assign the Policy as security for such loans or advances;
 4. The sole right to collect and receive all distributions or shares of surplus, dividend deposits or additions to the Policy now or hereafter made or apportioned thereto, and to exercise any and all options contained in the Policy with respect thereto; provided, that unless and until the Assignee shall notify the Insurer in writing to the contrary, the distributions or shares of surplus, dividend deposits and additions shall continue on the plan in force at the time of this assignment; and
 5. The sole right to exercise all nonforfeiture rights permitted by the terms of the Policy or allowed by the Insurer and to receive all benefits and advantages derived therefrom.
- C. It is expressly agreed that the following specific rights, so long as the Policy has not been surrendered, are reserved and excluded from this assignment and do not pass by virtue hereof:
1. The right to collect from the Insurer any disability benefit payable in cash that does not reduce the amount of insurance;
 2. The right to designate and change the beneficiary;
 3. The right to elect any optional mode of settlement permitted by the Policy or allowed by the Insurer;
- but the preservation of these rights shall in no way impair the right of the Assignee to surrender the Policy completely with all its incidents or impair any other right of the Assignee hereunder, and any designation or change of beneficiary or election of a mode of settlement shall be made subject to this assignment and to the rights of the Assignee hereunder.
- D. This assignment is made and the Policy is to be held as collateral security for any and all liabilities of the undersigned, or any of them, to the Assignee, either now existing or that may hereafter arise in the ordinary course of business between any of the undersigned and the Assignee (all of which liabilities secured or to become secured are herein called "Liabilities").
- E. The Assignee covenants and agrees with the undersigned as follows:
1. That any balance of sums received hereunder from the Insurer remaining after payment of the then existing Liabilities, matured or unmatured, shall be paid by the Assignee to the persons entitled thereto under the terms of the Policy had this assignment not been executed;
 2. That the Assignee will not exercise either the right to surrender the Policy or (except for the purpose of paying premiums) the right to obtain Policy loans from the Insurer, until there has been default in any of the Liabilities or a failure to pay any premium when due, nor until twenty days after the Assignee shall have mailed, by first-class mail, to the undersigned at the addresses last supplied in writing to the Assignee specifically relating to this assignment, notice of intention to exercise such right; and
 3. That the Assignee will upon request forward without unreasonable delay to the Insurer the Policy for endorsement of any designation or change of beneficiary or any election of an optional mode of settlement.
- F. The Insurer is hereby authorized to recognize the Assignee's claim to rights hereunder without investigating the reason for any action taken by the Assignee, or the validity or the amount of the Liabilities; or the existence of any default therein, or the giving of any notice under Paragraph E (2) above or otherwise, or the application to be made by the Assignee of any amounts to be paid to the Assignee. The sole signature of the Assignee shall be sufficient for the exercise of any rights under the Policy assigned hereby and the sole receipt of the Assignee for any sums received shall be a full discharge and release therefore to the Insurer. Checks for all or any part of the sums payable under the Policy and assigned herein shall be drawn to the exclusive order of the Assignee if, when, and in such amounts as may be requested by the Assignee.
- G. The Assignee shall be under no obligation to pay any premium, or the principal of or interest on any loans or advances on the Policy, whether or not obtained by the Assignee, or any other charges on the Policy, but any such amounts so paid by the Assignee from its own funds shall become a part of the Liabilities hereby secured, shall be due immediately, and shall draw interest at a rate fixed by the Assignee from time to time not exceeding 6% per annum.
- H. The exercise of any right, option, privilege or power given herein to the Assignee shall be at the option of the Assignee. Except as restricted by Paragraph E (2) above, the Assignee may exercise any such right, option, privilege or power without notice to, or assent by, or affecting the liability of, or releasing any interest hereby assigned by the undersigned, or any of them.
- I. The Assignee may take or release other security, may release any party primarily or secondarily liable for any of the Liabilities, may grant extensions, renewals or indulgences with respect to the Liabilities, or may apply to the Liabilities in such order as the Assignee shall determine, the proceeds of the Policy hereby assigned or any amounts received on account of the Policy by the exercise of any right permitted under this assignment, without resorting or regard to other security.
- J. In the event of any conflict between the provisions of this assignment and provisions of the aforesaid Agreement or other evidence of any Liability, with respect to the Policy or rights of collateral security therein, the provisions of this assignment shall prevail.
- K. Each of the undersigned declares that no proceedings in bankruptcy are pending against him/her and that his/her property is not subject to any assignment for the benefit of creditors.

Signed this _____ day of _____, 19 _____

Witness

Owner

Witness

Irrevocable beneficiary, if any.

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FIG. 7

Flow Chart

Year	Loan to Value		Policy Net	
	\$34,000 Single Premium Immediate Annuity	Annual Annuity Paying Annual Insurance Premium	Policy Net Surrender Value	Surrender Value less \$34,000 Note Principal Balance
1	39,536	5,648	2,025	92%
2	33,888	5,648	7,474	75%
3	28,240	5,648	13,311	56%
4	22,592	5,648	19,952	34%
5	16,944	5,648	27,046	11%
6	11,296	5,648	34,627	0
7	5,648	5,648	41,825	
8			44,800	
9			47,944	
10			51,268	
11			55,042	
12			58,673	
13			62,557	
14			66,710	
15			71,161	
16			75,952	
17			81,115	
18			86,686	
19			92,708	
20			99,207	
21			106,226	
22			113,768	

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FIG. 8

LOAN SCHEDULE**Rapid Equity Builder**

Loan Amount: \$ 204,000.00 Loan Date: 01/01/00
 Term of Loan: 568 Annual Interest Rate: 9.000%
 Amortization Method: Normal, 365 D/Y Interest Compounded: Monthly

Year	Payment Amount	Interest	Principal	Balance
2000 totals	\$ 21,338.46	\$ 18,189.19	\$ 3,149.27	\$ 200,723.87
2001 totals	\$ 21,338.46	\$ 17,893.75	\$ 3,444.71	\$ 197,267.26
2002 totals	\$ 21,338.46	\$ 17,570.62	\$ 3,767.84	\$ 193,486.41
2003 totals	\$ 21,338.46	\$ 17,217.17	\$ 4,121.29	\$ 189,350.88
2004 totals	\$ 21,338.46	\$ 16,830.59	\$ 4,507.87	\$ 184,827.44
2005 totals	\$ 21,338.46	\$ 16,407.73	\$ 4,930.73	\$ 179,879.67
2006 totals	\$ 21,338.46	\$ 15,945.17	\$ 5,393.29	\$ 174,467.75
2007 totals	\$ 21,338.46	\$ 15,439.23	\$ 5,899.23	\$ 168,548.14
2008 totals	\$ 21,338.46	\$ 14,885.88	\$ 6,452.58	\$ 162,073.27
2009 totals	\$ 21,338.46	\$ 14,280.53	\$ 7,057.93	\$ 154,990.96
2010 totals	\$ 21,338.46	\$ 13,618.47	\$ 7,719.99	\$ 147,244.30
2011 totals	\$ 22,159.17	\$ 13,374.85	\$ 8,784.32	\$ 138,429.63
2012 totals	\$ 21,338.46	\$ 12,070.25	\$ 9,268.21	\$ 129,129.41
2013 totals	\$ 21,338.46	\$ 11,200.83	\$ 10,137.63	\$ 118,956.76
2014 totals	\$ 21,338.46	\$ 10,249.87	\$ 11,088.59	\$ 107,829.86
2015 totals	\$ 21,338.46	\$ 9,209.67	\$ 12,128.79	\$ 95,659.17
2016 totals	\$ 21,338.46	\$ 8,071.89	\$ 13,266.57	\$ 82,346.77
2017 totals	\$ 21,338.46	\$ 6,827.41	\$ 14,511.05	\$ 67,785.59
2018 totals	\$ 21,338.46	\$ 5,466.18	\$ 15,872.28	\$ 51,858.48
2019 totals	\$ 21,338.46	\$ 3,977.22	\$ 17,361.24	\$ 34,437.26
2020 totals	\$ 21,338.46	\$ 2,348.63	\$ 18,989.83	\$ 15,381.83
2021 totals	\$ 16,750.91	\$ 604.15	\$ 16,146.76	\$ 0.00
Grand totals	\$ 465,679.28	\$ 261,679.28	\$ 204,000.00	\$ 0.00

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FIG. 9

LOAN DATA**Rapid Equity Builder**

Loan Amount:	\$ 204,000.00	Loan Date:	01/01/00
Term of Loan:	568	First Payment Date:	01/15/00
Interest Compounded:	Monthly	Annual Interest Rate:	9.000%
Amortization Method:	Normal, 365 D/Y	Effective Interest Rate:	9.381%
Days Per Year	365	Periodic Rate:	0.750%
Rounded Item:	Last Interest Payment	Equivalent Daily Rate:	0.025%
First Payment:	\$ 820.71	(Prin. and Int.)	
Skipped Payments:	N/A		
Extra Principal Payments:	N/A		
Percent Step:	N/A		
Fixed Principal Payments	N/A		

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FIG. 10

LOAN SCHEDULE**Rapid Equity Builder**

Loan Amount: \$ 170,000.00 **Loan Date:** 01/01/00
Term of Loan: 568 **Annual Interest Rate:** 9.000%
Amortization Method: Normal, 365 D/Y **Interest Compounded:** Monthly

Year	Payment Amount	Interest	Principal	Balance
2000 totals	\$ 17,776.20	\$ 15,157.93	\$ 2,618.27	\$ 167,276.26
2001 totals	\$ 17,776.20	\$ 14,912.32	\$ 2,863.88	\$ 164,402.49
2002 totals	\$ 17,776.20	\$ 14,643.65	\$ 3,132.55	\$ 161,259.12
2003 totals	\$ 17,776.20	\$ 14,349.81	\$ 3,426.39	\$ 157,820.89
2004 totals	\$ 17,776.20	\$ 14,028.36	\$ 3,747.84	\$ 154,060.10
2005 totals	\$ 17,776.20	\$ 13,676.82	\$ 4,099.38	\$ 149,946.56
2006 totals	\$ 17,776.20	\$ 13,292.25	\$ 4,483.95	\$ 145,447.12
2007 totals	\$ 17,776.20	\$ 12,871.63	\$ 4,904.57	\$ 140,525.61
2008 totals	\$ 17,776.20	\$ 12,411.54	\$ 5,364.66	\$ 135,142.42
2009 totals	\$ 17,776.20	\$ 11,908.32	\$ 5,867.88	\$ 129,254.27
2010 totals	\$ 17,776.20	\$ 11,357.85	\$ 6,418.35	\$ 122,813.74
2011 totals	\$ 18,459.90	\$ 11,156.67	\$ 7,303.23	\$ 115,485.28
2012 totals	\$ 17,776.20	\$ 10,070.70	\$ 7,705.50	\$ 107,753.16
2013 totals	\$ 17,776.20	\$ 9,347.85	\$ 8,428.35	\$ 99,295.70
2014 totals	\$ 17,776.20	\$ 8,557.19	\$ 9,219.01	\$ 90,044.84
2015 totals	\$ 17,776.20	\$ 7,692.41	\$ 10,083.79	\$ 79,926.21
2016 totals	\$ 17,776.20	\$ 6,746.46	\$ 11,029.74	\$ 68,858.37
2017 totals	\$ 17,776.20	\$ 5,711.81	\$ 12,064.39	\$ 56,752.30
2018 totals	\$ 17,776.20	\$ 4,580.07	\$ 13,196.13	\$ 43,510.59
2019 totals	\$ 17,776.20	\$ 3,342.20	\$ 14,434.00	\$ 29,026.72
2020 totals	\$ 17,776.20	\$ 1,988.18	\$ 15,788.02	\$ 13,184.16
2021 totals	\$ 14,351.08	\$ 530.96	\$ 13,820.12	\$ 0.00
Grand totals	\$ 388,334.98	\$ 218,334.98	\$ 170,000.00	\$ 0.00

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FIG. 11

LOAN DATA**Rapid Equity Builder**

Loan Amount:	\$ 170,000.00	Loan Date:	01/01/00
Term of Loan:	568	First Payment Date:	01/15/00
Interest Compounded:	Monthly	Annual Interest Rate:	9.000%
Amortization Method:	Normal, 365 D/Y	Effective Interest Rate:	9.381%
Days Per Year	365	Periodic Rate:	0.750%
Rounded Item:	Last Interest Payment	Equivalent Daily Rate:	0.025%
First Payment:	\$ 683.70	(Prin. and Int.)	
Skipped Payments:	N/A		
Extra Principal Payments:	N/A		
Percent Step:	N/A		
Fixed Principal Payments:	N/A		

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FIG. 12

LOAN SCHEDULE**Rapid Equity Builder**

Loan Amount: \$ 34,000.00 Loan Date: 01/01/00

Term of Loan: 568 Annual Interest Rate: 9.000%

Amortization Method: Normal, 365 D/Y Interest Compounded: Monthly

Year	Payment Amount	Interest	Principal	Balance
2000 totals	\$ 3,555.24	\$ 3,031.59	\$ 523.65	\$ 33,455.26
2001 totals	\$ 3,555.24	\$ 2,982.48	\$ 572.76	\$ 32,880.52
2002 totals	\$ 3,555.24	\$ 2,928.75	\$ 626.49	\$ 32,251.86
2003 totals	\$ 3,555.24	\$ 2,869.97	\$ 685.27	\$ 31,564.23
2004 totals	\$ 3,555.24	\$ 2,805.69	\$ 749.55	\$ 30,812.09
2005 totals	\$ 3,555.24	\$ 2,735.35	\$ 819.89	\$ 29,989.36
2006 totals	\$ 3,555.24	\$ 2,658.45	\$ 896.79	\$ 29,089.48
2007 totals	\$ 3,555.24	\$ 2,574.33	\$ 980.91	\$ 28,105.18
2008 totals	\$ 3,555.24	\$ 2,482.31	\$ 1,072.93	\$ 27,028.54
2009 totals	\$ 3,555.24	\$ 2,381.65	\$ 1,173.59	\$ 25,850.90
2010 totals	\$ 3,555.24	\$ 2,271.58	\$ 1,283.66	\$ 24,562.80
2011 totals	\$ 3,691.98	\$ 2,231.31	\$ 1,460.67	\$ 23,097.09
2012 totals	\$ 3,555.24	\$ 2,014.13	\$ 1,541.11	\$ 21,550.65
2013 totals	\$ 3,555.24	\$ 1,869.57	\$ 1,685.67	\$ 19,859.16
2014 totals	\$ 3,555.24	\$ 1,711.44	\$ 1,843.80	\$ 18,008.99
2015 totals	\$ 3,555.24	\$ 1,538.50	\$ 2,016.74	\$ 15,985.28
2016 totals	\$ 3,555.24	\$ 1,349.27	\$ 2,205.97	\$ 13,771.69
2017 totals	\$ 3,555.24	\$ 1,142.38	\$ 2,412.86	\$ 11,350.50
2018 totals	\$ 3,555.24	\$ 916.04	\$ 2,639.20	\$ 8,702.18
2019 totals	\$ 3,555.24	\$ 668.45	\$ 2,886.79	\$ 5,805.42
2020 totals	\$ 3,555.24	\$ 397.65	\$ 3,157.59	\$ 2,636.92
2021 totals	\$ 2,870.33	\$ 106.22	\$ 2,764.11	\$ 0.00
Grand totals	\$ 77,667.11	\$ 43,667.11	\$ 34,000.00	\$ 0.00

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FIG. 12

LOAN DATA**Rapid Equity Builder**

Loan Amount:	\$ 34,000.00	Loan Date:	01/01/00
Term of Loan:	568	First Payment Date:	01/15/00
Interest Compounded:	Monthly	Annual Interest Rate:	9.000%
Amortization Method:	Normal, 365 D/Y	Effective Interest Rate:	9.381%
Days Per Year	365	Periodic Rate:	0.750%
Rounded Item:	Last Interest Payment	Equivalent Daily Rate:	0.025%

First Payment:	\$ 136.74	(Prin. and Int.)
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Skipped Payments:	N/A
Extra Principal Payments:	N/A
Percent Step:	N/A
Fixed Principal Payments:	N/A

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FIG. 14

LOAN SCHEDULE**95% Conventional Homebuyer**

Loan Amount: \$ 161,500.00 Loan Date: 01/01/00
 Term of Loan: 360 Annual Interest Rate: 8.000%
 Amortization Method: Normal, 365 D/Y Interest Compounded: Monthly

Year	Payment Amount	Interest	Principal	Balance
2000 totals	\$ 13,035.33	\$ 11,802.80	\$ 1,232.53	\$ 160,150.89
2001 totals	\$ 14,220.36	\$ 12,768.95	\$ 1,451.41	\$ 158,689.80
2002 totals	\$ 14,220.36	\$ 12,648.46	\$ 1,571.90	\$ 157,107.42
2003 totals	\$ 14,220.36	\$ 12,518.01	\$ 1,702.35	\$ 155,393.73
2004 totals	\$ 14,220.36	\$ 12,376.71	\$ 1,843.65	\$ 153,537.78
2005 totals	\$ 14,220.36	\$ 12,223.70	\$ 1,996.66	\$ 151,527.81
2006 totals	\$ 14,220.36	\$ 12,057.98	\$ 2,162.38	\$ 149,351.02
2007 totals	\$ 14,220.36	\$ 11,878.49	\$ 2,341.87	\$ 146,993.53
2008 totals	\$ 14,220.36	\$ 11,684.12	\$ 2,536.24	\$ 144,440.39
2009 totals	\$ 14,220.36	\$ 11,473.61	\$ 2,746.75	\$ 141,675.33
2010 totals	\$ 14,220.36	\$ 11,245.64	\$ 2,974.72	\$ 138,680.77
2011 totals	\$ 14,220.36	\$ 10,998.73	\$ 3,221.63	\$ 135,437.67
2012 totals	\$ 14,220.36	\$ 10,731.36	\$ 3,489.00	\$ 131,925.41
2013 totals	\$ 14,220.36	\$ 10,441.76	\$ 3,778.60	\$ 128,121.62
2014 totals	\$ 14,220.36	\$ 10,128.14	\$ 4,092.22	\$ 124,002.11
2015 totals	\$ 14,220.36	\$ 9,788.50	\$ 4,431.86	\$ 119,540.71
2016 totals	\$ 14,220.36	\$ 9,420.64	\$ 4,799.72	\$ 114,708.99
2017 totals	\$ 14,220.36	\$ 9,022.27	\$ 5,198.09	\$ 109,476.25
2018 totals	\$ 14,220.36	\$ 8,590.84	\$ 5,629.52	\$ 103,809.20
2019 totals	\$ 14,220.36	\$ 8,123.58	\$ 6,096.78	\$ 97,671.77
2020 totals	\$ 14,220.36	\$ 7,617.57	\$ 6,602.79	\$ 91,024.96
2021 totals	\$ 14,220.36	\$ 7,069.52	\$ 7,150.84	\$ 83,826.45
2022 totals	\$ 14,220.36	\$ 6,476.01	\$ 7,744.35	\$ 76,030.47
2023 totals	\$ 14,220.36	\$ 5,833.24	\$ 8,387.12	\$ 67,587.44
2024 totals	\$ 14,220.36	\$ 5,137.11	\$ 9,083.25	\$ 58,443.63
2025 totals	\$ 14,220.36	\$ 4,383.18	\$ 9,837.18	\$ 48,540.87

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FIG. 15

Year	Payment Amount	Interest	Principal	Balance
2026 totals	\$ 14,220.36	\$ 3,566.71	\$ 10,653.65	\$ 37,816.20
2027 totals	\$ 14,220.36	\$ 2,682.47	\$ 11,537.89	\$ 26,201.39
2028 totals	\$ 14,220.36	\$ 1,724.83	\$ 12,495.53	\$ 13,622.55
2029 totals	\$ 14,220.36	\$ 687.70	\$ 13,532.66	\$ 0.00
2030 totals	\$ 1,184.71	\$ 7.85	\$ 1,176.86	\$ 0.00
Grand totals	\$ 426,610.48	\$ 265,110.48	\$ 161,500.00	\$ 0.00

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FIG. 15b

LOAN DATA**95% Conventional Home**

Loan Amount:	\$ 161,500.00	Loan Date:	01/01/00
Term of Loan:	360	First Payment Date:	02/01/00
Interest Compounded:	Monthly	Annual Interest Rate:	8.000%
Amortization Method:	Normal, 365 D/Y	Effective Interest Rate:	8.300%
Days Per Year	365	Periodic Rate:	0.667%
Rounded Item:	Last Interest Payment	Equivalent Daily Rate:	0.022%
First Payment:	\$ 1,185.03	(Prin. and Int.)	
Skipped Payments:	N/A		
Extra Principal Payments:	N/A		
Percent Step:	N/A		
Fixed Principal Payments:	N/A		

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FIG.16

POLICY ILLUSTRATION

John Doe
Male, Age: 40 Standard NonSmoker

Universal Life
Initial Death Benefit: \$ 210,000
Initial Annual Premium: \$ 5,648.00

Year	Age	Current (Non Guaranteed)			
		Annualized Premium Outlay	Net Surrender Value	Net Accumulated Value	Net Death Benefit
1	41	5,648	2,025	5,083	210,000
2	42	5,648	7,474	10,531	210,000
3	43	5,648	13,311	16,369	210,000
4	44	5,648	19,952	22,627	210,000
5	45	5,648	27,046	29,339	210,000
Total		28,240			
6	46	5,648	34,627	36,538	210,000
7	47	4,736	41,825	43,353	210,000
8	48	0	44,800	45,947	210,000
9	49	0	47,944	48,709	210,000
10	50	0	51,268	51,651	210,000
Total		38,624			
11	51	0	55,042	55,042	210,000
12	52	0	58,673	58,673	210,000
13	53	0	62,557	62,557	210,000
14	54	0	66,710	66,710	210,000
15	55	0	71,161	71,161	210,000
Total		38,624			
16	56	0	75,952	75,952	210,000
17	57	0	81,115	81,115	210,000
18	58	0	86,686	86,686	210,000
19	59	0	92,708	92,708	210,000
20	60	0	99,207	99,207	210,000
Total		38,624			
21	61	0	106,226	106,226	210,000
22	62	0	113,768	113,768	210,000
23	63	0	121,886	121,886	210,000
24	64	0	130,634	130,634	210,000
25	65	0	140,081	140,081	210,000
Total		38,624			
26	66	0	150,303	150,303	210,000
27	67	0	161,388	161,388	210,000
28	68	0	173,437	173,437	210,000
29	69	0	186,537	186,537	218,249
30	70	0	200,647	200,647	232,750
Total		38,624			
31	71	0	215,806	215,806	248,177
32	72	0	232,145	232,145	262,324
33	73	0	249,772	249,772	277,247
34	74	0	268,807	268,807	293,000
35	75	0	289,388	289,388	309,645
Total		38,624			

If the Death Benefit Guarantee Rider To Age 95 is in force at maturity, the policy maturity date will be extended to the date of the insured's death with no further premium required.

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Reference Number SF163,SF999. Illustration # 506

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FIG. 17

POLICY ILLUSTRATION

John Doe
Male, Age: 40 Standard NonSmoker

Universal Life
Initial Death Benefit: \$ 210,000
Initial Annual Premium: \$ 5,648.00

		Current (Non Guaranteed)			
Year	Age	Annualized Premium Outlay	Net Surrender Value	Net Accumulated Value	Net Death Benefit
36	76	0	311,670	311,670	327,254
37	77	0	335,627	335,627	352,409
38	78	0	361,376	361,376	379,445
39	79	0	389,042	389,042	408,494
40	80	0	418,755	418,755	439,692
Total		38,624			
41	81	0	450,652	450,652	473,185
42	82	0	484,877	484,877	509,121
43	83	0	521,585	521,585	547,664
44	84	0	560,940	560,940	588,988
45	85	0	603,120	603,120	633,276
Total		38,624			
46	86	0	648,304	648,304	680,720
47	87	0	696,675	696,675	731,509
48	88	0	748,436	748,436	785,858
49	89	0	803,773	803,773	843,961
50	90	0	862,876	862,876	906,020
Total		38,624			
51	91	0	925,973	925,973	972,272
52	92	0	994,454	994,454	1,034,232
53	93	0	1,068,988	1,068,988	1,101,058
54	94	0	1,150,357	1,150,357	1,173,364
55	95	0	1,239,472	1,239,472	1,251,866
Total		38,624			

If the Death Benefit Guarantee Rider To Age 95 is in force at maturity, the policy maturity date will be extended to the date of the insured's death with no further premium required.

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Reference Number SF163,SF999. Illustration # 506

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FIG.17b

POLICY ILLUSTRATION

John Doe
Male, Age: 40 Standard NonSmoker

Universal Life
Initial Death Benefit: \$ 210,000
Initial Annual Premium: \$ 2,171.54

		Current (Non Guaranteed)			
Year	Age	Annualized Premium Outlay	Net Surrender Value	Net Accumulated Value	Net Death Benefit
1	41	2,172	0	1,618	210,000
2	42	2,172	276	3,334	210,000
3	43	2,172	2,091	5,149	210,000
4	44	2,172	4,396	7,071	210,000
5	45	2,172	6,815	9,108	210,000
Total		10,858			
6	46	2,172	9,355	11,266	210,000
7	47	2,172	12,022	13,551	210,000
8	48	2,172	14,826	15,972	210,000
9	49	2,172	17,774	18,538	210,000
10	50	2,172	20,874	21,256	210,000
Total		21,715			
11	51	2,172	24,251	24,251	210,000
12	52	2,172	27,436	27,436	210,000
13	53	2,172	30,819	30,819	210,000
14	54	2,172	34,411	34,411	210,000
15	55	2,172	38,233	38,233	210,000
Total		32,573			
16	56	2,172	42,323	42,323	210,000
17	57	2,172	46,709	46,709	210,000
18	58	2,172	51,420	51,420	210,000
19	59	2,172	56,488	56,488	210,000
20	60	2,172	61,930	61,930	210,000
Total		43,431			
21	61	2,172	67,775	67,775	210,000
22	62	2,172	73,999	73,999	210,000
23	63	2,172	80,635	80,635	210,000
24	64	2,172	87,718	87,718	210,000
25	65	2,172	95,291	95,291	210,000
Total		54,289			
26	66	2,172	103,405	103,405	210,000
27	67	2,172	112,117	112,117	210,000
28	68	2,172	121,491	121,491	210,000
29	69	2,172	131,597	131,597	210,000
30	70	2,172	142,525	142,525	210,000
Total		65,146			
31	71	2,172	154,366	154,366	210,000
32	72	2,172	167,252	167,252	210,000
33	73	2,172	181,324	181,324	210,000
34	74	2,172	196,739	196,739	214,446
35	75	2,172	213,462	213,462	228,404
Total		76,004			

If the Death Benefit Guarantee Rider To Age 95 is in force at maturity, the policy maturity date will be extended to the date of the insured's death with no further premium required.

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Reference Number SF163_SF999. Illustration # 795

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FIG. 18

POLICY ILLUSTRATION

John Doe
Male, Age: 40 Standard NonSmoker

Universal Life
Initial Death Benefit: \$ 210,000
Initial Annual Premium: \$ 2,171.54

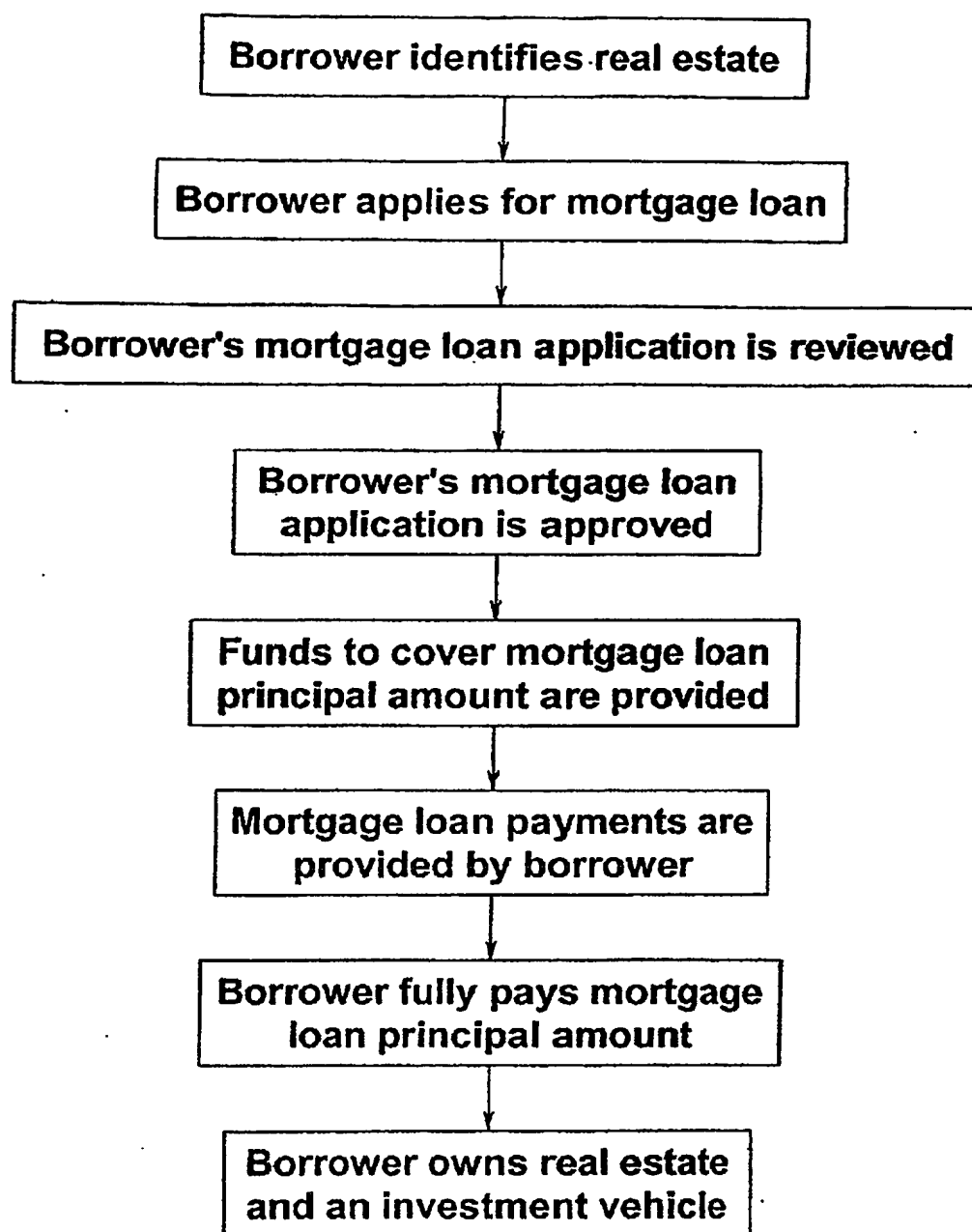
		Current (Non Guaranteed)			
Year	Age	Annualized Premium Outlay	Net Surrender Value	Net Accumulated Value	Net Death Benefit
36	76	2,172	231,517	231,517	243,093
37	77	2,172	250,887	250,887	263,432
38	78	2,172	271,660	271,660	285,244
39	79	2,172	293,931	293,931	308,628
40	80	2,172	317,798	317,798	333,688
Total		86,862			
41	81	2,172	343,363	343,363	360,531
42	82	2,172	370,734	370,734	389,270
43	83	2,172	400,026	400,026	420,028
44	84	2,172	431,362	431,362	452,930
45	85	2,172	464,871	464,871	488,115
Total		97,719			
46	86	2,172	500,689	500,689	525,723
47	87	2,172	538,946	538,946	565,894
48	88	2,172	579,794	579,794	608,784
49	89	2,172	623,365	623,365	654,533
50	90	2,172	669,797	669,797	703,287
Total		108,577			
51	91	2,172	719,254	719,254	755,217
52	92	2,172	772,803	772,803	803,715
53	93	2,172	830,948	830,948	855,876
54	94	2,172	894,276	894,276	912,162
55	95	2,172	963,473	963,473	973,108
Total		119,435			

If the Death Benefit Guarantee Rider To Age 95 is in force at maturity, the policy maturity date will be extended to the date of the insured's death with no further premium required.

Principal Life Insurance Company. Valid for presentation in Washington provided all pages are included. Current values are not guaranteed and are based on assumptions that are subject to change at any time. Actual results may be more or less favorable. Refer to the page titled POLICY ILLUSTRATIONS - GUARANTEED for Guaranteed values. Annualized Premium Outlay is shown as of the beginning of the policy year. Net Surrender Value, Net Accumulated Value, and Net Death Benefit are shown at the end of the policy year.
Reference Number SF163,SF999. Illustration # 795

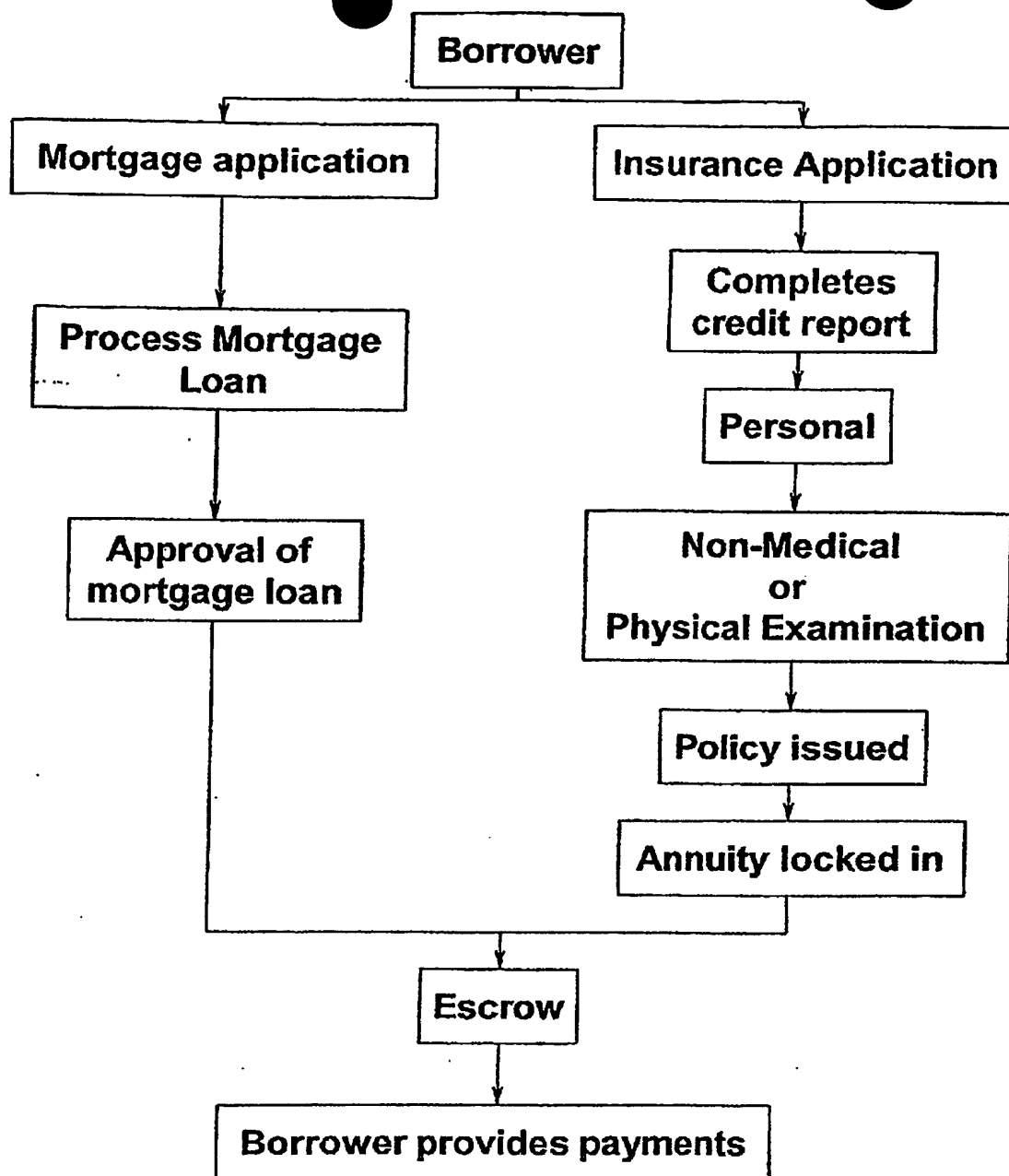
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FIG.18b



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FIG. 19



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FIG. 20

(19) World Intellectual Property
Organization
International Bureau



(43) International Publication Date
31 December 2003 (31.12.2003)

PCT

(10) International Publication Number
WO 2004/001534 A3

- (51) International Patent Classification⁷: **G06F 17/60**
- (21) International Application Number: **PCT/US2003/019093**
- (22) International Filing Date: **18 June 2003 (18.06.2003)**
- (25) Filing Language: **English**
- (26) Publication Language: **English**
- (30) Priority Data:
60/389,831 **19 June 2002 (19.06.2002)** **US**
- (71) Applicant and
(72) Inventor: **NICHOLS, Evelyn [US/US]; 2221 38th Place East, Seattle, WA 98112 (US).**
- (74) Agent: **OSTFELD, David, M.; Chamberlain, Hrdlicka, White, Williams & Martin, 1200 Smith Street, Suite 1400, Houston, TX 77002-4310 (US).**
- (81) Designated States (*national*): **AT, CA, CU, ES, JP, MA, MX, NO, NZ, RO, RU, SG, UA, US, ZA.**
- (84) Designated States (*regional*): **European patent (AT, BE, BG, CH, CY, CZ, DE, DK, EE, ES, FI, FR, GB, GR, HU, IE, IT, LU, MC, NL, PT, RO, SE, SI, SK, TR).**
- Published:
— *with international search report*
- (88) Date of publication of the international search report:
15 April 2004
- For two-letter codes and other abbreviations, refer to the "Guidance Notes on Codes and Abbreviations" appearing at the beginning of each regular issue of the PCT Gazette.*

(54) Title: **MORTGAGE FINANCING SYSTEM**

**Rapid Equity Builder
vs
95% Conventional Mortgage
with Monthly Policy Premiums
40 Year Old Male**

	<u>Rapid Equity Builder</u>	<u>95% Conventional Loan</u>
Home Purchase	\$170,000	\$170,000
Down Payment	0	8,500
Annuity	34,000	0
Mortgage Amount	204,000	181,500
Interest Rate	9%	8%
Term	30 yr	30yr
Payment Method	Bi-Weekly	Monthly
Monthly Payments	820 (x2)	1,185
Monthly Insurance Premiums	0	181
Monthly PMI Payment	0	105
Total Principal and Interest	<465,678>	<428,610>
Down Payment	0	<8,500>
Estimated Closing Cost	<5,000>	<5,000>
Total PMI \$105 x 11yrs = 80% LTV	0	<13,860>
Total Insurance Premiums 21 years	0	<47,784>
Less Policy Net Surrender Value 21st Year *non-guarantee	113,768	73,999
Cost to Homeowner	<356,911>	<413,895>
Cash Savings Provided by REB	<u>\$56,984</u>	

(57) Abstract: The present invention is a method for providing mortgage financing (fig. 1) to a borrower while additionally creating the opportunity for the borrower to invest in their long and short-term financial security (fig. 1) in real estate purchase price. The surplus amount is applied against at least one investment vehicle, so that after the periodic payments are completed, the borrower has equity in real estate and an interest in at least one investment vehicle (fig. 1), the investment vehicle provides security for the mortgage.

WO 2004/001534 A3

INTERNATIONAL SEARCH REPORT

International application No.

PCT/US03/19093

A. CLASSIFICATION OF SUBJECT MATTER

IPC(7) : G06F 17/60

US CL : 705/38, 37, 36, 35, 1

According to International Patent Classification (IPC) or to both national classification and IPC

B. FIELDS SEARCHED

Minimum documentation searched (classification system followed by classification symbols)

U.S. : 705/38, 37, 36, 35, 1

Documentation searched other than minimum documentation to the extent that such documents are included in the fields searched
NONE

Electronic data base consulted during the international search (name of data base and, where practicable, search terms used)
WEST, DIALOG

C. DOCUMENTS CONSIDERED TO BE RELEVANT

Category *	Citation of document, with indication, where appropriate, of the relevant passages	Relevant to claim No.
X	US 6,345,262 B1 (MADDEN) 05 February 2002 (05.02.02), col. 5, line 10 thru col. 14, line 38.	1-20
A	US 6,269,347 B1 (BERGER) 31 July 2001 (31.07.01), entire document.	1-20
A	US 5,983,206 A (OPPENHEIMER) 09 November 1999 (09.11.99), entire document.	1-20



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See patent family annex.

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Date of the actual completion of the international search

31 December 2003 (31.12.2003)

Date of mailing of the international search report

13 JAN 2004

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